



March 18, 2022

**Testimony of Jonathan Shaer**

Executive Director, New England Convenience Store & Energy Marketers Association

Connecticut General Assembly  
Joint Committee on Judiciary

**HB 5463 – An Act concerning the authority of the office of the attorney general to bring an action against a seller who engages in price gouging during a disaster or emergency.**

Chairman Winfield, Chairman Stafstrom and Members of the Committee:

The New England Convenience Store & Energy Marketers Association (NECSEMA) represents convenience store and gasoline retailers, independent transportation fuel distributors, and the businesses which supply them. According to the National Association of Convenience Stores (NACS), Connecticut is home to almost 1,700 convenience stores employing over 25,000 people and accounts for approximately \$6.5 billion in total sales.

**NECSEMA opposes HB5643.** We oppose this bill because the definition of “unconscionably excessive price” is dangerously vague and will result in unfair accusations toward both our wholesale and retail members by anyone who doesn’t understand how the markets for the products we sell work. These accusations will draw the resources of the Attorney General’s office as it will be required to investigate each claim for validity and possible enforcement.

We understand the recent volatility in the oil and motor fuels markets have many concerned and asking questions and assume this is the catalyst, or at least one of them, for HB5643. As a trade association representing both wholesalers and retailers of motor fuel, we are particularly concerned that a lack of understanding of the commodities markets and the retail markets will lead to legislation that is both unwarranted and unfair.

What is gross disparity? 5%, 10%, 20%, 25%? Who determines this and how is it determined? Accusations of price gouging are very serious and can forever damage the reputation of a business and/or businessperson. Therefore, subjectivity cannot be the standard,

The very best guard against price gouging isn’t legislation, but competition. Fortunately, the convenience and motor fuels industries have ample amounts of retail and wholesale competition. According to NACS, there are 1,182 convenience stores selling retail motor fuels in Connecticut. This is a highly competitive industry where a 1-cent difference in price can make or break how much business a location does versus a competitor. If a consumer doesn’t like the price at one location,

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he/she can simply drive a bit further. Also, there are now frequently updated Apps that can direct motorists to brands or prices they like best. This too enhances the competitive landscape.

The same is true in the wholesale markets. The prices paid by wholesalers are a function of the commodities markets which are well outside their control. This too is a highly competitive industry where a fraction of penny is often the difference between making a sale or not. Once again, competition is the answer and there is ample competition.

If the fuels markets are the driving force behind this legislation, as we suspect they are, then we strongly recommend taking the time to understand how these markets work. The volatility of the last month has been historic. It should not be used as the basis for legislation that can very likely damage local wholesalers and retailers who are doing their very best to get in front of wild price swings so they can bring competitively priced products to their customers and communities.

We believe HB 5463 sets a dangerous precedent that is unwarranted, highly subjective, and largely ignores supply and demand and competitive economic principles with which our industry operates and our economy relies upon.

Respectfully submitted,



Jonathan Shaer  
Executive Director